



State Board of Equalization

News Release

Betty T. Yee, Member

1st District – San Francisco

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Betty T. Yee Hails Senate Committee Passage of Hancock Tax Fairness Bill for California Retailers

Measure Would Enforce Online Retailers' Tax Compliance

Betty T. Yee, First District Member of the Board of Equalization (BOE), applauded the Senate Governance and Finance Committee's passage today of legislation authored by Senator Loni Hancock (D-Berkeley) extending state authority to enforce tax obligations to online retailers, as authorized by federal law. The bill, SB 234, passed on a 6-1 vote.

"Local retailers deserve equal and consistent application of tax collection rules, and this measure will give BOE the authority to enforce those rules for online retailers that are skirting this responsibility," said Yee. "Requiring out-of-state online retailers to collect tax on purchases by California consumers is the most effective and fair means for addressing California's \$1.2 billion use tax gap."

California consumers owe use tax on purchases from out-of-state retailers, and retailers with legal connections or "nexus" to California are legally obligated to collect the tax also. BOE efforts to collect use tax directly from consumers burdens them unfairly and have been successful only on a limited basis.

Senate Bill author Hancock stated: "Out-of-state companies that are benefiting from sales in California shouldn't be exempt from doing what every other California retailer does -- collect and pay sales tax. There is no reason they should be treated differently," said Senator Hancock. "This bill will create a fair playing field for business in California, and at the same time modernize our tax code. I was very pleased to see SB 234 make it out of committee."

Board Member Betty T. Yee was elected to her post in November 2006. She is the Immediate Past Chairwoman representing the First Equalization District. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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